



प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

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March 29, 2010

Reserve Bank Cancels the Licence of Dhanashri Mahila Sahakari Bank Ltd., Miraj, Dist. Sangli, Maharashtra

In view of the fact that the Dhanashri Mahila Sahakari Bank Ltd., Miraj, Dist. Sangli, Maharashtra, had ceased to be solvent, all efforts to revive it in close consultation with the Government of Maharashtra had failed and the depositors were being inconvenienced by continued uncertainty, the Reserve Bank of India delivered the order cancelling its licence to the bank after the close of business on March 12, 2010. The Registrar of Co-operative Societies, Maharashtra has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank. It may be highlighted that on liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of Rs. 1,00,000/- (Rupees One lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC) under usual terms and conditions.

The bank was granted a licence by Reserve Bank of India on March 04, 1997 to commence banking business. The Statutory Inspection of the bank conducted by the Reserve Bank of India with reference to its financial position as on March 31, 2006 revealed deterioration in its financial position. Certain operational restrictions were imposed on the bank.

The latest Statutory Inspection of the bank with reference to its financial position as on March 31, 2009 revealed severe deterioration in its financial position. Accordingly, Reserve Bank of India imposed all-inclusive directions under Section 35A of the Banking Regulation Act 1949 (As Applicable to Co-operative Societies) with a ceiling of Rs. 1000/- on withdrawal of deposits, vide directive dated September 14, 2009.

The bank was served a notice dated October 15, 2009, calling on it to show cause as to why the licence granted to it under Section 22 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) on March 04, 1997 to carry on banking business, should not be cancelled and why steps should not be taken to wind up the bank. Bank's reply dated October 29, 2009 to the show cause notice was examined and was found unsatisfactory. The bank also did not come out with any concrete plan for revival or any proposal for its merger.

Considering the sharp deterioration in its financial position as on March 31, 2009 and the absence of any concrete proposal for merger, there was no possibility of revival of the bank. Therefore, the Reserve Bank of India took the extreme

measure of canceling the licence of the bank in the interest of the bank's depositors. With the cancellation of its licence and commencement of liquidation proceedings, the process of paying the depositors of Dhanashri Mahila Sahakari Bank Ltd., Miraj, Dist. Sangli, Maharashtra, will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Dhanashri Mahila Sahakari Bank Ltd., Miraj, Dist. Sangli, Maharashtra, is prohibited from carrying on 'banking business' as defined in Section 5(b) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) including acceptance and repayment of deposits.

For any clarifications, depositors may approach Shri P.K.Arora, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Mumbai. His contact details are as below:

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